



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

Kenneth C. Holt
Secretary

January 27, 2017

Directive 2017-03

TO: ALL PARTICIPATING LENDERS

SUBJECT: Lender Compensation and Loan Delivery

In line with the improved delivery times provided by US Bank, the Community Development Administration (CDA) is returning to the original 105-day maximum reservation period. We are happy to announce that the lender compensation will remain at the higher level, paying a maximum of 2.50% for loans purchased by US Bank within 60 days of reservation.

This Directive will be effective on Wednesday, February 15, 2017 and applies to all Maryland Mortgage Program (MMP) loans reserved on or after that date.

I. LENDER COMPENSATION SCHEDULE

Days from Reservation to Purchase:	0- 60	61-75	76-90	91-105
Lender Compensation:	2.50%	2.25%	2.00%	1.75%

Reservations prior to Wednesday, February 15, 2017 will follow the current 165-day compensation schedule.

II. LOAN DELIVERY PERIOD AND INTEREST RATE LOCK

1. The interest rate lock contract will be terminated at the end of **105 days** if the loan has not been purchased by US Bank, after which point the lender will be obligated to reimburse CDA in full for any CDA-funded loan or grant.
2. CDA will not allow a loan (to the same borrower for the same property) to be cancelled and re-reserved within a period of 6 months from the original loan reservation date. Therefore, lenders must ensure they reserve their loans as near as possible to the date they are confident the loan will close and be delivered. This planning is especially relevant for issues arising due to fault of the realtor, fault of the seller, short-sale, new construction, FNMA or Freddie Mac REO purchases, etc.



3. Lenders must ensure that their staff who originate, process, close and ship MMP loans are knowledgeable about the MMP products they are using, and the respective terms and conditions, and are trained to handle them accurately and timely. Lenders should reserve their loans correctly to limit any Attachment R adjustments. If an Attachment R is submitted requesting to switch loan programs after loan reservation and it is acceptable to CDA, CDA will apply whichever is higher of the reservation rate or the changed rate.

This Directive supersedes Directives 2016-01 - *0.25% Increased Lender Compensation for the Maryland Mortgage Program (MMP) Loans* and 2015-58 - *New Lender Compensation, Loan Delivery Period and Interest Rate Lock for Maryland Mortgage Program (MMP) loans*.

As always, we appreciate your continued participation in our programs.

If you have any questions concerning this Directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Karl Metzgar
Assistant Director / Operations Manager
Single Family Housing

